

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: October 27, 2020

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

B = Program

C = Year

D = Language

E = Language

F = Year

G = Year

h dollars = Amount

j dollars = Amount

UIL

4942.03-07

Dear :

Why you are receiving this letter

This is our response to your December 9, 2019 letter requesting approval of a set-aside under Internal Revenue Code Section 4942(g)(2). You've been recognized as tax-exempt under Section 501(c)(3) of the Code and have been determined to be a private foundation under Section 509(a).

Our determination

Based on the information furnished, your set-aside program is approved under Internal Revenue Code Section 4942(g)(2). As required under Section 4942(g)(2), the set aside amount must be paid within the 60-month period after the date of the first set-aside.

Description of set-aside request

You are planning a multi-year project to hold two Symposia and you want to start setting aside some funds for this purpose. You want to hold a B Symposium in C as well as another in G. Therefore, you are requesting set-aside amounts for the Symposium held in C, and then another set-aside to begin in F, which will be used for the G Symposium.

The purpose of the B Symposium is to bring together a group of promising young scholars for discussions that will explore new horizons in the disciplines of D in general and E in particular.

In order to focus on the core group of young scholars who will form the next generation of leadership in these fields, the selected scholars will all hold a PhD degree and will be under years old at the time of the Symposium. Although there are a sizeable number of bright young scholars in various sub-fields of D and E , there are few opportunities for them to gather and share their ideas freely, to forge a sense of common identity and to formulate a vision for the future. It is hoped that the envisaged gatherings will provide a platform for these promising young scholars to argue for their own viewpoints but at the same time to engage respectfully with differences of opinion, as well as to foster a spirit of cooperation, mutual support and productive criticism.

For the first Symposium, a set-aside of h dollars will be made immediately. Another h dollars will be set aside the following year, and another h dollars the third year. These amounts to be set aside will be paid during the year of Symposium, which is a specified period that ends not more than 60 months after the date of the first set-aside.

For the second Symposium to be held in G, a set-aside of j dollars will be made in F, with another j dollars being set aside each year for the four years leading up to the event. These amounts to be set aside will be paid during the Symposium, which is a specified period that ends not more than 60 months after the date of the first set-aside.

The project can be better accomplished by use of a set-aside. To help save up sufficient funds for both Symposiums, you would like to start setting aside funds now. Because the Symposium is an extraordinary undertaking that is not a part of your usual, on-going grant program, it can be better accomplished by a set-aside rather than an immediate payment of funds.

Basis for our determination

Internal Revenue Code Section 4942(g)(2)(A) states that an amount set aside for a specific project, which includes one or more purposes described in Section 170(c)(2)(B), may be treated as a qualifying distribution if it meets the requirements of Section 4942(g)(2)(B).

Section 4942(g)(2)(B) of the Code states that an amount set aside for a specific project will meet the requirements of this subparagraph if, at the time of the set-aside, the foundation establishes that the amount will be paid within five years and either clause (i) or (ii) are satisfied.

Section 4942(g)(2)(B)(i) of the Code is satisfied if, at the time of the set-aside, the private foundation establishes that the project can better be accomplished using the set-aside than by making an immediate payment.

Section 53.4942(a)-3(b)(1) of the Foundations and Similar Excise Taxes Regulations provides that a private foundation may establish a project as better accomplished by a set-aside than by immediate payment if the set-aside satisfies the suitability test described in Section 53.4942(a)-3(b)(2).

Section 53.4942(a)-3(b)(2) of the Foundations and Similar Excise Taxes Regulations provides that specific projects better accomplished using a set-aside include, but are not limited to, projects where relatively long-term expenditures must be made requiring more than one year's income to assure their continuity.

In Revenue Ruling 74-450, 1974-2 C.B. 388, an operating foundation converted a portion of newly acquired land into a public park under a four-year construction contract. The construction contract payments were to be made mainly during the final two years. This constituted a "specific project." The foundation's set-aside of all its excess earnings for four years was treated as a qualifying distribution under Internal Revenue Code Section 4942(g)(2).

What you must do

Your approved set-aside(s) will be documented on your records as pledges or obligations to be paid by the date specified. The amounts set aside will be taken into account to determine your minimum investment return under Internal Revenue Code Section 4942(e)(1)(A), and the income attributable to your set aside(s) will also be taken into account in computing your adjusted net income under Section 4942(f) of the Code.

Additional information

This determination is directed only to the organization that requested it. Internal Revenue Code Section 6110(k)(3) provides that it may not be used or cited as a precedent.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed in the heading of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosure